



February 1, 2002

SENATE BILL No. 19

DIGEST OF SB 19 (Updated January 30, 2002 4:18 PM - DI 87)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Property tax exemption for religious property. Provides that the 150 acre property tax exemption for educational institutions also applies to churches and religious institutions. Provides that a tract of land that: (1) does not exceed 150 acres; and (2) upon which is situated a building used for religious worship; is exempt from property taxation. Allows a church or religious institution to file a claim for a refund for taxes due and payable in 2001.

Effective: March 1, 2000 (retroactive); upon passage.

**Zakas, Riegsecker, Craycraft,
Adams K, Alting, Simpson, Jackman,
Hershman, Miller, Broden**

November 20, 2001, read first time and referred to Committee on Governmental and Regulatory Affairs.
January 31, 2002, amended, reported favorably — Do Pass.

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SB 19—LS 6137/DI 103+



February 1, 2002

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 19

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-10-16, AS AMENDED BY P.L.198-2001,
2 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 MARCH 1, 2000 (RETROACTIVE)]: Sec. 16. (a) All or part of a
4 building is exempt from property taxation if it is owned, occupied, and
5 used by a person for educational, literary, scientific, religious, or
6 charitable purposes.
7 (b) A building is exempt from property taxation if it is owned,
8 occupied, and used by a town, city, township, or county for educational,
9 literary, scientific, fraternal, or charitable purposes.
10 (c) A tract of land, including the campus and athletic grounds of an
11 educational institution, is exempt from property taxation if:
12 (1) a building ~~which~~ **that** is exempt under subsection (a) or (b) is
13 situated on it; and
14 (2) the tract does not exceed:
15 (A) one hundred fifty (150) acres in the case of:
16 (i) an educational institution;
17 (ii) **a church or religious institution; or**

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- 1 **(iii)** a tract that was exempt under this subsection on March
 2 1, 1987; ~~or~~;
 3 **(B)** two hundred (200) acres in the case of a local association
 4 formed for the purpose of promoting 4-H programs; or
 5 **(C)** fifteen (15) acres in all other cases.
 6 (d) A tract of land is exempt from property taxation if:
 7 (1) it is purchased for the purpose of erecting a building ~~which~~
 8 **that** is to be owned, occupied, and used in such a manner that the
 9 building will be exempt under subsection (a) or (b);
 10 (2) the tract does not exceed:
 11 **(A)** one hundred fifty (150) acres in the case of:
 12 (i) an educational institution; ~~or~~
 13 (ii) **a church or religious institution; or**
 14 **(iii)** a tract that was exempt under this subsection on March
 15 1, 1987;
 16 **(B)** two hundred (200) acres in the case of a local association
 17 formed for the purpose of promoting 4-H programs; or
 18 **(C)** fifteen (15) acres in all other cases; and
 19 (3) not more than three (3) years after the property is purchased,
 20 and for each year after the three (3) year period, the owner
 21 demonstrates substantial progress towards the erection of the
 22 intended building and use of the tract for the exempt purpose. To
 23 establish that substantial progress is being made, the owner must
 24 prove the existence of factors such as the following:
 25 **(A)** Organization of and activity by a building committee or
 26 other oversight group.
 27 **(B)** Completion and filing of building plans with the
 28 appropriate local government authority.
 29 **(C)** Cash reserves dedicated to the project of a sufficient
 30 amount to lead a reasonable individual to believe the actual
 31 construction can and will begin within three (3) years.
 32 **(D)** The breaking of ground and the beginning of actual
 33 construction.
 34 **(E)** Any other factor that would lead a reasonable individual to
 35 believe that construction of the building is an active plan and
 36 that the building is capable of being completed within six (6)
 37 years considering the circumstances of the owner.
 38 (e) Personal property is exempt from property taxation if it is owned
 39 and used in such a manner that it would be exempt under subsection (a)
 40 or (b) if it were a building.
 41 (f) A hospital's property ~~which~~ **that** is exempt from property
 42 taxation under subsection (a), (b), or (e) shall remain exempt from

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property taxation even if the property is used in part to furnish goods or services to another hospital whose property qualifies for exemption under this section.

(g) Property owned by a shared hospital services organization ~~which~~ **that** is exempt from federal income taxation under Section 501(c)(3) or 501(e) of the Internal Revenue Code is exempt from property taxation if it is owned, occupied, and used exclusively to furnish goods or services to a hospital whose property is exempt from property taxation under subsection (a), (b), or (e).

(h) This section does not exempt from property tax an office or a practice of a physician or group of physicians that is owned by a hospital licensed under IC 16-21-1 or other property that is not substantially related to or supportive of the inpatient facility of the hospital unless the office, practice, or other property:

- (1) provides or supports the provision of charity care (as defined in IC 16-18-2-52.5), including providing funds or other financial support for health care services for individuals who are indigent (as defined in IC 16-18-2-52.5(b) and IC 16-18-2-52.5(c)); or
- (2) provides or supports the provision of community benefits (as defined in IC 16-21-9-1), including research, education, or government sponsored indigent health care (as defined in IC 16-21-9-2).

However, participation in the Medicaid or Medicare program alone does not entitle an office, practice, or other property described in this subsection to an exemption under this section.

(i) A tract of land or a tract of land plus all or part of a structure on the land is exempt from property taxation if:

- (1) the tract is acquired for the purpose of erecting, renovating, or improving a single family residential structure that is to be given away or sold:
 - (A) in a charitable manner;
 - (B) by a nonprofit organization; and
 - (C) to low income individuals who will:
 - (i) use the land as a family residence; and
 - (ii) not have an exemption for the land under this section;
- (2) the tract does not exceed three (3) acres;
- (3) the tract of land or the tract of land plus all or part of a structure on the land is not used for profit while exempt under this section; and
- (4) not more than three (3) years after the property is acquired for the purpose described in subdivision (1), and for each year after the three (3) year period, the owner demonstrates substantial



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progress towards the erection, renovation, or improvement of the intended structure. To establish that substantial progress is being made, the owner must prove the existence of factors such as the following:

(A) Organization of and activity by a building committee or other oversight group.

(B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within six (6) years of the initial exemption received under this subsection.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the structure is an active plan and that the structure is capable of being:

(i) completed; and

(ii) transferred to a low income individual who does not receive an exemption under this section;

within six (6) years considering the circumstances of the owner.

(j) An exemption under subsection (i) terminates when the property is conveyed by the nonprofit organization to another owner. When the property is conveyed to another owner, the nonprofit organization receiving the exemption must file a certified statement with the auditor of the county, notifying the auditor of the change not later than sixty (60) days after the date of the conveyance. The county auditor shall immediately forward a copy of the certified statement to the county assessor. A nonprofit organization that fails to file the statement required by this subsection is liable for the amount of property taxes due on the property conveyed if it were not for the exemption allowed under this chapter.

(k) If property is granted an exemption in any year under subsection (i) and the owner:

(1) ceases to be eligible for the exemption under subsection (i)(4);

(2) fails to transfer the tangible property within six (6) years after the assessment date for which the exemption is initially granted;

or

(3) transfers the tangible property to a person who:

(A) is not a low income individual; or

(B) does not use the transferred property as a residence for at

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least one (1) year after the property is transferred;
 the person receiving the exemption shall notify the county recorder and
 the county auditor of the county in which the property is located not
 later than sixty (60) days after the event described in subdivision (1),
 (2), or (3) occurs. The county auditor shall immediately inform the
 county assessor of a notification received under this subsection.

(l) If subsection (k)(1), (k)(2), or (k)(3) applies, the owner shall pay,
 not later than the date that the next installment of property taxes is due,
 an amount equal to the sum of the following:

(1) The total property taxes that, if it were not for the exemption
 under subsection (i), would have been levied on the property in
 each year in which an exemption was allowed.

(2) Interest on the property taxes at the rate of ten percent (10%)
 per year.

(m) The liability imposed by subsection (l) is a lien upon the
 property receiving the exemption under subsection (i). An amount
 collected under subsection (l) shall be collected as an excess levy. If
 the amount is not paid, it shall be collected in the same manner that
 delinquent taxes on real property are collected.

(n) Property referred to in this section shall be assessed to the extent
 required under IC 6-1.1-11-9.

SECTION 2. IC 6-1.1-10-21, AS AMENDED BY P.L.198-2001,
 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 MARCH 1, 2000 (RETROACTIVE)]: Sec. 21. (a) The following
 tangible property is exempt from property taxation if it is owned by, or
 held in trust for the use of, a church or religious society:

(1) A building which is used for religious worship.

~~(2) Buildings that are used as parsonages.~~

~~(3) (2) The pews and furniture contained within a building which~~
that is used for religious worship.

~~(4) (3) The tract of land, not exceeding fifteen (15) one hundred~~
fifty (150) acres, upon which a building described in this section
used for religious worship is situated.

(b) The following tangible property is exempt from property
taxation if it is owned by, or held in trust for the use of, a church or
religious society:

(1) Buildings that are used as parsonages.

(2) The tract of land, not exceeding fifteen (15) acres, upon
which a building described in subdivision (1) is situated.

~~(b) (c)~~ **(c)** To obtain an exemption for parsonages, a church or religious
 society must provide the county auditor with an affidavit at the time the
 church or religious society applies for the exemptions. The affidavit

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1 must state that:

2 (1) all parsonages are being used to house one (1) of the church's
3 or religious society's rabbis, priests, preachers, ministers, or
4 pastors; and

5 (2) none of the parsonages are being used to make a profit.

6 The affidavit shall be signed under oath by the church's or religious
7 society's head rabbi, priest, preacher, minister, or pastor. The county
8 auditor shall immediately forward a copy of the affidavit to the county
9 assessor.

10 ~~(c)~~ (d) Property referred to in this section shall be assessed to the
11 extent required under IC 6-1.1-11-9.

12 SECTION 3. [EFFECTIVE UPON PASSAGE] (a) Pursuant to
13 IC 6-1.1-10-16, as amended by this act, a church or religious
14 institution may file a claim with the county auditor for a refund for
15 the payment of property taxes due and payable in 2001. The claim
16 shall be filed as set forth in IC 6-1.1-26-1, except that the claim
17 shall be based upon the ground that the assessment of the property
18 must be computed as set forth in IC 6-1.1-10-16, as amended by
19 this act.

20 (b) Upon receiving a claim filed under this SECTION, the
21 county auditor shall determine whether the claim is correct. If the
22 county auditor determines that the claim is correct, the auditor
23 shall, without an appropriation being required, issue a warrant to
24 the claimant payable from the county general fund for the amount
25 due the claimant under this SECTION.

26 (c) The amount of the refund shall equal the amount of the claim
27 so allowed, plus interest at six percent (6%) from the date on which
28 the taxes were paid or payable, whichever is later, to the date of the
29 refund.

30 (d) This SECTION expires July 1, 2003.

31 SECTION 4. An emergency is declared for this act.

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SENATE MOTION

Mr. President: I move that Senators Craycraft, Adams K and Alting be added as coauthors of Senate Bill 19.

ZAKAS

SENATE MOTION

Mr. President: I move that Senator Simpson be added as coauthor of Senate Bill 19.

ZAKAS

SENATE MOTION

Mr. President: I move that Senator Jackman be added as coauthor of Senate Bill 19.

ZAKAS

SENATE MOTION

Mr. President: I move that Senators Hershman, Miller and Broden be added as coauthors of Senate Bill 19.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Governmental and Regulatory Affairs, to which was referred Senate Bill No. 19, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Replace the effective dates in SECTIONS 1 through 2 with "[EFFECTIVE MARCH 1, 2000 (RETROACTIVE)]".

Page 5, strike line 27.

Page 5, line 28, strike "(3)" and insert **"(2)"**.

Page 5, line 30, strike "(4)" and insert **"(3)"**.

Page 5, line 31, strike "described in this section" and insert **"used for religious worship"**.

Page 5, between lines 32 and 33, begin a new paragraph and insert the following:

"(b) The following tangible property is exempt from property taxation if it is owned by, or held in trust for the use of, a church or religious society:

(1) Buildings that are used as parsonages.

(2) The tract of land, not exceeding fifteen (15) acres, upon which a building described in subdivision (1) is situated."

Page 5, line 33, strike "(b)" and insert **"(c)"**.

Page 6, line 3, strike "(c)" and insert **"(d)"**.

Page 6, after line 4, begin a new paragraph and insert:

"SECTION 3. [EFFECTIVE UPON PASSAGE] (a) Pursuant to IC 6-1.1-10-16, as amended by this act, a church or religious institution may file a claim with the county auditor for a refund for the payment of property taxes due and payable in 2001. The claim shall be filed as set forth in IC 6-1.1-26-1, except that the claim shall be based upon the ground that the assessment of the property must be computed as set forth in IC 6-1.1-10-16, as amended by this act.

(b) Upon receiving a claim filed under this SECTION, the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant under this SECTION.

(c) The amount of the refund shall equal the amount of the claim so allowed, plus interest at six percent (6%) from the date on which the taxes were paid or payable, whichever is later, to the date of the refund.



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(d) This SECTION expires July 1, 2003.

SECTION 4. An emergency is declared for this act."

and when so amended that said bill do pass.

(Reference is to SB 19 as introduced.)

MERRITT, Chairperson

Committee Vote: Yeas 8, Nays 1.

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